

OCT 14 '05 4-55 PM
SURFACE TRANSPORTATION BOARD

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October 14, 2005

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Commercial Security Agreement, dated September 29, 2005, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Debtor:	Midwest Railcar Corporation 4949 Autumn Oaks Drive Suite B Maryville, IL 62062
Secured Party:	First Mid-Illinois Bank & Trust 12616 State Route 143 Highland, IL 62249

Mr. Vernon A. Williams
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Page Two

A description of the railroad equipment covered by the enclosed document is:

37 covered hoppers within the series KCS 312012 – KCS 312053 as set forth in exhibit attached to the document.

A short summary of the document to appear in the index is:

Memorandum of Commercial Security Agreement

Also enclosed is a check in the amount of \$33.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,



Robert W. Alvord

RWA/anm
Enclosures

RECORDATION NO. 25909 FILED

OCT 14 '05 4-55 PM

SUPREMACY TRANSPORTATION BOARD

MEMORANDUM OF COMMERCIAL SECURITY AGREEMENT

dated September 29, 2005

by and between

**MIDWEST RAILCAR CORPORATION,
as Debtor**

and

**FIRST MID-ILLINOIS BANK & TRUST, NA
as Secured Party**

MEMORANDUM OF COMMERCIAL SECURITY AGREEMENT

THIS MEMORANDUM OF COMMERCIAL SECURITY AGREEMENT (this "Memorandum") is made this 29th day of September, 2005, by and between **MIDWEST RAILCAR CORPORATION**, an Illinois corporation ("Borrower"), and **FIRST MID-ILLINOIS BANK AND TRUST, NA**, a state-chartered Federal Reserve Member bank organized under the laws of the State of Illinois ("Bank").

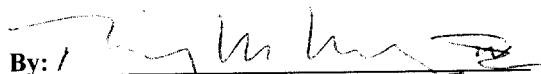
- A. The Borrower and the Bank are parties to that certain Loan Agreement dated as of September 29, 2005 (collectively, the "Loan Agreement"), pursuant to which the Bank agreed to make to the Borrower the loans described in the Agreement.
- B. To secure the Borrower's Obligations (as defined in the Loan Agreement) to the Bank, the Borrower executed and delivered to the Bank a Commercial Security Agreement dated as of September 29, 2005, pursuant to which the Borrower granted to the Bank a continuing, first priority security interest in and to, and lien on, the following collateral:
 - (a) Thirty-seven (37) covered hoppers described on Exhibit A attached hereto (each, a "Railcar", collectively, the "Railcars") and all replacements and substitutions thereof;
 - (b) All improvements, additions, modifications, accessions, attachments, appurtenances and parts appertaining or attached to the Railcars, whether now owned or hereafter acquired;
 - (c) All logs, books and records pertaining to the use, operation and/or maintenance of the Railcars or otherwise relating to any of the collateral described herein;
 - (d) All rights, claims and causes of action, if any, which the Borrower may have now or in the future against any manufacturer, rebuilder or seller of the Railcars (or any component thereof) or any other Person, by contract or otherwise, in respect of any defect in the Railcars or any part thereof;
 - (e) Any agreement now or hereafter entered into for leasing the Railcars to any third party, including, without limitation, Rider No. 10 dated June 14, 2005 to the Car Leasing Agreement No. 4812-83-01 dated January 1, 2004 between the borrower, as Lessor, (pursuant to an Assignment and Assumption Agreement dated September 29, 2005 by and between General Electric Railcar Services Corporation, as Seller, and Midwest Railcar Corporation, as Buyer, whereby Seller sold all of its rights, title and interest in and to the Railcars to Buyer and assigned all of its rights and obligations under the Lease to Buyer) and The Kansas City Southern Railway Company, as Lessee, and the right to receive all payments and other sums due and to become due from time to time thereunder, to receive all notices and give consents, to exercise any election or option, to declare defaults and to demand payment of any sum due in connection therewith;
 - (f) All rent, damages and other moneys from time to time payable to or receivable by the Borrower in respect of the Railcars;
 - (g) All proceeds (cash and non-cash), including insurance proceeds, settlement proceeds and condemnation awards thereof.

(SIGNATURES APPEAR ON THE FOLLOWING PAGE)

IN WITNESS WHEREOF, the parties have caused this Memorandum to be executed as of the date first above written.

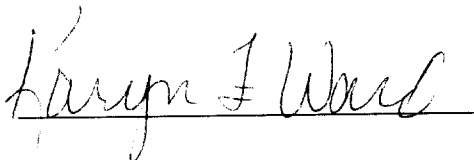
WITNESS:

MIDWEST RAILCAR CORPORATION

By: 
Richard M. Murphy, III, President

WITNESS:

FIRST MID-ILLINOIS BANK AND TRUST, NA



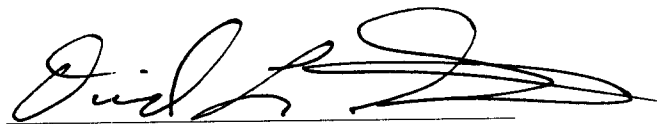
By: 
Gordon D. Smith, Regional President

STATE OF MD, City of Elk River

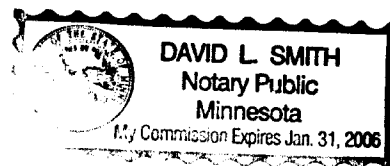
On this 29th day of September, 2005, before me, a Notary Public of the County and State aforesaid, personally appeared Richard M. Murphy, III, to me personally known, who being by me duly sworn, says that he is the President of Midwest Railcar Corporation, an Illinois corporation, that the seal affixed to the foregoing instrument is the seal of said association, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and the acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

AS WITNESS my hand and notarial seal

(Seal)


Notary Public

My commission expires: 1-31-06

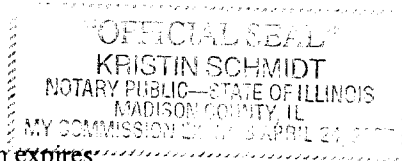


STATE OF ILLINOIS, County of Madison

On this 29th day of September, 2005, before me, a Notary Public of the County and State aforesaid, personally appeared Gordon D. Smith, to me personally known, who being by me duly sworn, says that he is a Regional President of FIRST MID-ILLINOIS BANK AND TRUST, NA, that the seal affixed to the foregoing instrument is the seal of First Mid-Illinois Bank and Trust, NA, that said instrument was signed and sealed on behalf of First Mid-Illinois Bank and Trust, NA by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of First Mid-Illinois Bank and Trust, NA.

AS WITNESS my hand and notarial seal

(Seal)



Kristin Schmidt
Notary Public

My commission expires:

EXHIBIT "A"

DESCRIPTION OF RAILCARS

Thirty-seven (37) covered hoppers bearing reporting marks as follows:

KCS 312012	KCS 312033
KCS 312013	KCS 312034
KCS 312014	KCS 312035
KCS 312015	KCS 312036
KCS 312016	KCS 312037
KCS 312017	KCS 312038
KCS 312018	KCS 312039
KCS 312019	KCS 312042
KCS 312020	KCS 312044
KCS 312021	KCS 312045
KCS 312022	KCS 312046
KCS 312024	KCS 312047
KCS 312026	KCS 312048
KCS 312027	KCS 312049
KCS 312028	KCS 312050
KCS 312029	KCS 312051
KCS 312030	KCS 312052
KCS 312031	KCS 312053
KCS 312032	